REMARKS/ARGUMENTS

The Applicants respectfully request that the Examiner consider the following remarks in addition to the amendments presented above in view of the 30 December 2004 Office action and the 30 March 2005 in-person interview.

Interview Record Under MPEP § 713.04

On 30 March 2005, the undersigned attorney interviewed this case in person with Examiner Tan D. Nguyen. Pursuant to MPEP § 713.04, the Applicants record the substance of the interview as follows:

(A) Brief description of the nature of any exhibits shown or any demonstrations conducted: No exhibits were shown and no demonstrations were conducted.

(B) Identification of the claims discussed: Several independent claims and a number of dependent claims were discussed.

(C) Identification of specific prior art discussed: (R1) U.S. Patent No. 6,009,415 to Shurling et al.; (R2) Article 12/99; and (R3) U.S. Patent No. 6,629,135 to Ross, Jr. et al., were discussed.

(D) Identification of the principal proposed amendments of a substantive nature discussed, unless these are already described on the Interview Summary form completed by the examiner: The Applicants proposed claim amendments further clarifying the number of parties involved in their claimed methods.

(E) The general thrust of the principal arguments of the applicant and the examiner: The Applicants' attorney and the Examiner discussed (1) whether it would have been obvious to modify R1 to include R2 to the extent that R2 discloses a global computer network/Internet; and (2) whether it would have been obvious to modify R1 to include R3 to the extent R3 teaches the concept of "outsourcing" and whether "outsourcing" is even relevant to the Applicants' claims. The Applicants argued why R1, R2, and R3, whether considered alone or in combination, fail to render obvious the Applicants' claimed invention. The Applicants also argued that at least some of the references are not properly combinable, and that R3 is irrelevant to the Applicants' claimed invention. These arguments are discussed further below.

(F) A general indication of any other pertinent matters discussed: (see Interview Summary form prepared by Examiner Nguyen)

(G) General results or outcome of the interview: In response to the Applicants' argument that R1 teaches away from the use of a global computer network/Internet and is not properly combinable with R2, the Examiner agreed that R1 appears to deal with only internal banking issues and does not mention "global computer network." The Examiner agreed to carefully review the references of record for the two issues mentioned in (E) above.

<u>Claim Rejections Under 35 U.S.C. § 112, ¶ 2</u>

All of the pending claims (namely claims 8-28, 30, and 32-89) stand rejected under § 112, ¶ 2, "as being indefinite for failing to particularly point out and distinctly claim the subject matter which the applicant regards as the invention." In particular, the Examiner asserts that "applicant has amended the claims to include 'a 1st party' and '3rd party'; however, it's not clear where is the '2nd party' or who is the '2nd party'?" 30 Dec. 2004 Office action, ¶ bridging pp. 2 & 3.

The Applicants have amended several of the claims and believe they have addressed this concern of the Examiner. Thus, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection under § 112, ¶ 2.

<u>Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Shurling et al. (US Patent 6,009,415) in View of Article 12/1999 and Ross, Jr. et al. (US Patent 6,629,135)</u>

Claims <u>8</u>-28, 36-46, <u>47</u>-53, <u>54</u>, and <u>71</u>-89 stand rejected under § 103(a) "as being unpatentable over (Ref 1) SHURLING et al in view of (Ref 2) Article 12/1999 and (Ref 3) ROSS, Jr. et al." 30 Dec. 2004 Office action, at p. 3, § 4, ¶ 1. The Applicants respectfully traverse this rejection under § 103(a) for at least the following reasons.

The '415 patent to Shurling et al. is directed toward a relationship scoring and incentive reward system and method. The '415 patent thus discloses a two-party system for rewarding loyal bank customers with the following rate incentives: (1) lower loan rates; or (2) higher deposit accounts rates. The system disclosed in the '415 patent pertains to a data processing technique for determining the number of different relationships that a customer has with the bank, scoring the relationships, and awarding incentive rewards based upon the relationship

score. See, e.g., '415 patent, col. 1, lines 7-11. As explained further below, the Applicants respectfully submit that their claimed three-party (or more) system, which gives consumers an alternative way to pay the balance of a loan by making purchases from select third-party merchants, is patentably distinct from the system disclosed in the '415 patent for recognizing bank customers who do a substantial amount of business with a bank.

The Applicants still do not understand how the '415 patent can "fairly disclose[] a method of facilitating repayment of a loan obligation by redeeming accumulated loyalty/reward points," as stated by the Examiner. 30 Dec. 2004 Office action, at p. 3, § 4, ¶ 2.[1] The scenario disclosed in the '415 patent to Shurling et al. does not disclose or suggest these aspects of the Applicants' claimed invention. In particular, the '415 patent never discusses repayment of a loan, and it never discusses doing so using any type of accumulated loyalty/reward points.

In the Applicants' claimed invention, debtors are offered an alternative way to pay down the balance of their loans. In a simplified example of the Applicants' claimed invention, a lender tells one of its existing debtors that, if the debtor purchases items like books and clothing from certain "third-party merchants" (i.e., merchants that are not a party to the lender-debtor relationship at the heart of the debtor's existing loan), the lender will, upon authorization from the debtor, "pay down" some or all of the balance of the debtor's loan with the lender. Nothing like this is disclosed in, or supported by, the '415 patent.

The bank in the '415 patent to Shurling et al. is trying to get more business from its repeat customers by bating them with attractive rates. Attempting to keep existing customers with attractive rates on new business from those customers is nothing new. For this reason, the '415 patent focuses on a certain system and method for analyzing and rating customer relations in order to determine which bank customers should be offered these attractive rates. Nothing in the '415 patent, however, suggests offering these existing bank customers an alternative way to pay down their loan balances via transactions between the bank's customers and "unrelated third parties" (i.e., third parties who are not a part of the ongoing relationship between the bank and the bank's customers, which is the relationships at the heart of the relationship-scoring technique

1 As an aside, the statement quoted in the first sentence of this paragraph is difficult to reconcile with the Examiner's statement later in the Office action that the '415 patent to Shurling et al. "fails to teach other less critical steps such as (a), additional limitations on (b), (c) and (d)." 30 Dec. 2004 Office action, at p. 4, ¶ 3. How can the '415 patent "fairly disclose" the claimed method and also admittedly "fail to disclose" this many limitations?

disclosed in the '415 patent). In other words, even if one of the bank's preferred customers is given a slightly better rate on a new loan than would be offered to a new, walk-in customer, the established preferred bank customer still must pay back the loan the old-fashioned way – by making payments in US currency. No alternative means for repaying the loan are offered or suggested by the '415 patent's system and method.

The '415 patent discloses a data processing technique for determining the number of different relationships that a customer has with the bank, scoring the relationships, and awarding incentives (e.g., discount loan rates on future loans) to those bank customers who have desirable types and/or numbers of relationships with the bank. See, e.g., '415 patent, col. 1, ll. 7-11. The Applicants' claimed invention has nothing to do with determining "desirable types or numbers of relationships"; it relates to providing debtors with alternative ways to pay back their loans, whether the particular debtor has one loan or 100 loans with the lender, and whether the particular debtor has been doing business with the lender for one day or 100 years.

Further, in the '415 patent, the bank gives up some of its profit (e.g., by charging debtors lower rates on loans, or paying its best customers higher rates for deposit savings accounts) to get more business from these bank customers determined by the patented "data processing technique" to be desirable customers. The Examiner has compared the discussion in the '415 patent of such rate incentives (i.e., loss of profit for the bank) to the Applicants' claimed system. In the Applicants claims system, however, a lender (e.g., a claimed "first party") does not give up any of its profit, it just collects that profit from other than the debtor. In fact, in the Applicants' claimed system, the lender may receive some revenue directly from the third-party merchants to defray the cost of administering the claimed system. For example, Fig. 25 of the Applicants' drawings shows "Unipac Rev." Unipac is a sample "first party"; and, the table in Fig. 25 shows Unipac receiving revenue from three different third-party merchants. The Applicants' claimed method is not comparable with the systems disclosed in the cited references.

In the Applicants' claimed invention, a consumer who has a loan with a first-party loan servicer is allowed to apply points earned by making purchases from third-party merchants to pay down the balance of the customer's loan with the first party loan servicer – a three-party transaction coordinated by, for example, the loan servicer. The Applicants have attached as Exhibit 1 a schematic representation of various party relationships covered by their claims. In the '415 system, the bank itself gives certain bank customers better deals on future interactions

with the bank because these customers have been loyal to the bank in the past – a much different two-party transaction.

The '415 patent might be relevant to what the Applicants are claiming if the '415 patent disclosed something like the bank allowing Mr. Shurling to redeem, for example, his frequent flyer miles from an unrelated third-party airline to pay down his existing loan with the bank. This, however, is not even remotely disclosed in the '415 patent. The '415 patent not only fails to disclose or suggest a system for paying down the balance of a loan with the disclosed incentive rewards, but the '415 patent also fails to disclose or suggest a system for paying down the balance of a loan with loyalty points earned from a third-party merchant. In the Applicants' view, there is a huge difference between a bank itself giving a customer a break on the interest rate on a new loan with the bank ("if you do more business with this bank, the bank itself will give up some of its profit in order to give you a better deal next time"), and allowing a customer to pay back a loan using "rebates" earned by purchases from third-party purchases ("as your first-party loan servicer, we will allow you to reduce the balance of your loan via normal payments in US currency or, alternatively, you may apply rebates from unrelated third-party merchants (i.e., merchants who are not a party to our original lender-borrower agreement) to pay down your existing loan with us, your first-party loan servicer"). The '415 patent discloses a two-party transaction, and the Applicants' claims are directed toward a different, three-party (or more) transaction.

In an attempt to patch up the shortcomings in the '415 patent to Shurling et al., the rejection of claims <u>8</u>-28, 36-46, <u>47</u>-53, <u>54</u>, and <u>71</u>-89 under § 103(a) also relies upon Article 12/1999 and the '135 patent to Ross, Jr. et al. The Applicants respectfully submit that, even assuming without admission that the '415 patent to Shurling et al. is properly combinable in a § 103(a) rejection with Article 12/1999 and the '135 patent to Ross, Jr. et al. (the impropriety of combining these references is discussed further below), neither Article 12/1999 nor the '135 patent to Ross, Jr. et al., whether considered alone or in combination, make up for all that is lacking in the '415 patent to Shurling et al.

With regard to Article 12/1999, the Examiner stated, verbatim, as follows:

> Article 12/1999 is cited to show it's well known to put bank on a global computer network (Internet) and having its own web site whereby customer can access the bank products and obtaining loyalty points and redeeming points for desired products and services (see abstract). It would be obvious to modify

> SHURLING et al by putting it's method or service on a global computer network (Internet) and having its own web site whereby customer can access the bank products and obtaining loyalty points and redeeming points as taught by Article 12/1999 to inherently obtain the well known benefits of the Internet such higher efficiency, availability, convenience, etc.

30 Dec. 2004 Office action, at p. 4, last ¶.

The Applicants have carefully reviewed Article 12/1999. This article fairly shows that banking transactions have in the past been conducted on a website. This article also mentions the ability of banking customers to collect points that may be redeemed for gifts that include "mobile phones, digitals cameras, and retail vouchers." See Article 12/1999, ¶ 1. Although the Applicants' claimed invention, in one aspect, involves a "banking transaction" (repayment of a loan), the Applicants are not merely claiming online banking at a website, and they are not claiming to have invented the concept of rewarding points that are redeemable for gifts to people who bank online. The Applicants' claimed purchases from third-party merchants are different from mere banking activities like "charging to … credit or debit cards or maintaining balances in … various accounts with the bank." See Article 12/1999, ¶ 1. Further, the Applicants' claimed alternative means for repaying a loan obligation by selectively redeeming rebates from purchases from third-party merchants are different from redeeming points for gifts including "mobile phones, digital cameras and retail vouchers." See Id. In fact, receiving "mobile phones, digital cameras and retail vouchers" in exchange for reward points is the opposite of what the Applicants' system and method allows borrowers to do. More specifically, in Article 12/1999, the online banking customers redeem their points to get retail items for free or at discounts. In the Applicants' claimed invention, on the other hand, borrowers get points by buying items such as "mobile phones and digital cameras" – points that the borrower may later use to repay a loan obligation. In this sense, Article 12/1999 in fact teaches away from the Applicants' claimed invention. This "teaching away" becomes clear when one considers who is paying whom. Similar to what is described in the '415 patent to Shurling et al., in Article 12/1999, the bank is losing revenue to keep customers. In the '415 patent, the bank loses revenue by offering its best customers rates that are favorable to those customers. In Article 12/1999, the bank is losing revenue by "paying" its customers by buying gifts for those customers. In the Applicants' claimed system, on the other hand, the third-party merchants are "paying" both the loan servicer and the borrower. The borrower in the Applicants' claimed system can then use its "payment"

from the third-party merchants to pay the loan servicer. In the Applicants' claimed invention, the loan servicer, which the Examiner is comparing to the banks in the '415 patent and in Article 12/1999, does not pay anyone and does not lose revenue. The banks mentioned in the '415 patent and in Article 12/1999 are clearly not comparable to the Applicants' claimed first party, which may be a primary loan servicer (see, e.g., claims 23, 28, and 48) or a secondary loan servicer (see, e.g., claims 52 and 53). In the Applicants' claimed invention, the loan servicer gets its payment in full (and then some), it just gets it indirectly from the third-party merchants rather than from its debtors.

To reiterate, in one aspect of the Applicants' claimed system and method, a first-party loan servicer facilitates the user making a purchase from a third-party merchant in order to obtain loyalty points that may be used to pay down the balance of a loan being serviced by the loan servicer. In the Applicants' claimed invention, the website visitor (i.e., the claimed "second-party user) is being incentivized to make a purchase from selected third-party merchants by allowing the website visitor to obtain a "rebate" from its purchase that may be applied to reduce the balance of a loan being serviced by a party other than the third-party merchant, for example. In the Applicants' claimed system and method, therefore, a user must spend money at a third party's website before they will earn loyalty points that may be applied to reduce the balance on their loan being serviced by a first-party loan servicer. This is vastly different from what occurs in both the '415 patent to Shurling et al. and the system described in Article 12/1999. The Applicants' claimed invention is directed toward a three-party (or more) system for obtaining points by making purchases from selected third-party merchants and then being able to apply those points to reduce the balance of a loan being serviced by a party that is different from the third-party merchants from whom the purchases are being made. Again, unlike what is being disclosed in either of these references, the loan servicer in the Applicants' claimed invention collects its full amount due – it just effectively collects part of that amount from a third-party merchant who is not otherwise a party to the loan being repaid with the rebated funds. The Applicants respectfully submit that this is neither suggested nor disclosed by Article 12/1999, whether considered alone or in combination with the '415 patent to Shurling et al.

The Applicants respectfully submit that the reliance upon the '135 patent to Ross et al. is misplaced. With regard to Ross et al., the Examiner stated, verbatim, as follows:

> Ross, Jr. et al is cited to teach the general concept of outsourcing the electronic commerce (Internet service) by using an independent 3rd party (in this case, 1st party as indicated in the claimed invention) whereby merchants can focus on its core product/service and leaving the Internet to Internet experts, thus resulting ongoing cost savings and operational efficiencies magnify the potential benefits of the Internet while reducing initial costs {see col. 2, line 65 to col. 3, line 5}. It would have been obvious to modify the process of SHURLING et al/Article 12/1999 by outsourcing the Internet service to other party whereby merchants can focus on its core product/service and leaving the Internet to Internet experts, thus resulting ongoing cost savings and operational efficiencies magnify the potential benefits of the Internet while reducing initial costs as taught by ROSS, Jr. et al above.

30 Dec. 2004 Office action, at p. 5, first ¶. While it is true that the '135 patent discloses "an e-commerce outsourcing system and method" (see '135 patent, Abstract), the Applicants do not understand the significance or relevance of this to their claimed invention. There is no outsourcing in the Applicants' claimed invention. The Applicants' claimed first party is not outsourcing as suggested by the Examiner's statement. Further, whether the third-party merchants of the Applicants' claimed invention are outsourcing anything to another party is irrelevant to the claimed invention. The claims only require that the first party direct the second-party users to the third-party merchants. It is irrelevant to the claimed invention how those third-party merchants conduct their business.

Thus, whether the cited references (namely Shurling et al., Article 12/1999, and Ross, Jr. et al.) are considered alone or in combination, and assuming for sake of argument and without admission that these references are properly combinable, these references fail to teach or suggest all of the limitations from independent claims 8, 47, 54, and 71 (i.e., all of the independent claims rejected under this § 103(a) rejection). For example, the references fail to teach or suggest permitting debtors to selectively repay loan obligations based upon discretionary redemption of loyalty points accumulated from third-party merchants.

The fact that neither Article 12/1999 nor the '135 patent to Ross, Jr. et. al is properly combinable with the '415 patent to Shurling et al. calls for further discussion. According to case law as cited in the MPEP, three basic criteria must be met to establish a prima facie case of obviousness:

> First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. Second, there

> must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. The teaching or suggestion to make the claimed combination and the reasonable expectation of success must both be found in the prior art, and not based on applicant's disclosure. *In re Vaeck*, 947 F.2d 488, 20 USPQ2d 1438 (Fed. Cir. 1991).

MPEP § 2142; see also MPEP §§ 706.02(j), 2143. The MPEP also provides as follows:

> "The prior art must provide a motivation or reason for the worker in the art, without the benefit of appellant's specification, to make the necessary changes in the reference device." *Ex parte Chicago Rawhide Mfg. Co.*, 223 USPQ 351, 353 (Bd. Pat. App. & Inter. 1984).

MPEP § 716.02(f). And, the MPEP further states,

> When the motivation to combine the teachings of the references is not immediately apparent, it is the duty of the examiner to explain why the combination of the teachings is proper. *Ex parte Skinner*, 2 USPQ2d 1788 (Bd. Pat. App. & Inter. 1986).

MPEP § 2142.

Considering initially the first of the three MPEP quotes above, the Applicants have already argued in this response why the prior art references, whether considered alone or in combination, fail to teach or suggest all of the claim limitations. In addition, the Applicants also respectfully submit that the cited references fail to provide the required (1) "teaching or suggestion to make the claimed combination" and (2) "reasonable expectation of success." These "must both be found in the prior art, and not based on applicant's disclosure."

Article 12/1999 relates to Internet banking. On the other hand, the '415 patent discloses an "internal" customer scoring technique for determining which bank customers are the most valuable to the bank and then incentivizing those bank customers to do more business with the bank. According to the Examiner, the '415 system would inherently benefit from being made available over the Internet. See 30 Dec. 2004 Office action, at p. 4, last sentence. The Applicants disagree. The '415 patent teaches away from giving bank customers ANY direct access to the system, let alone access via a global computer network. The '415 patent emphasizes the "automatic" data extraction from previously-existing bank records (i.e., the existing "customer information file" or CIF 30 – see, e.g., '415 patent, col. 2, lines 49-54; col. 2, lines 56-59; col. 2, line 64, through col. 3, line 1; col. 3, lines 1-5; col. 3, lines 5-11; col. 3, lines 12-15; col. 3, lines 15-18; col. 3, lines 18-21; col. 4, lines 28-34; col. 17, lines 52-55; and

col. 8, lines 62-65) via an operation that runs on the bank's internal computers, as it must because of the confidential nature of the customer-specific financial information being analyzed. See, e.g., '415 patent, col. 4, lines 28-32; col. 10, lines 36-43; col. 11, lines 3-9. A customer's relationship score is determined automatically based upon data extracted from the bank records concerning its customers transactions with the bank. See, e.g., '415 patent, col. 2, lines 54-56; col. 8, lines 7-11; col. 15, 41-46. Since these relationships "are what they are," why would a bank customer ever need direct access to this information? A customer with direct access to these records via a global computer network would potentially be able to inappropriately manipulate that data and taint the relationship-scoring system. If, for example, one were to put the Shurling et al. relationship scoring system on the Internet, the reliability and integrity of the method as described in that patent would become suspect rather than being improved. Since Shurling et al. relates to an internal banking matter that used existing records, Internet access would make this system and method vulnerable to improper manipulation. This creates an "expectation of failure" of the combination of Shurling et al. with Article 12/1999 rather than an "expectation of success." These two references clearly teach away from each other.

Thus, the Applicants respectfully submit, for at least the reasons provide above, that Article 12/1999 is not properly combinable with Shurling et al. Article 12/1999, and that Shurling et al. teach away from the combination suggested by the examiner. The Applicants also respectfully submit that Ross et al. is irrelevant to their claimed invention for at least the previously-mentioned reasons and, thus, its combinability with any of the other references is also irrelevant.

The Applicants respectfully submit that their system and method of rejected independent claims 8, 47, 54, and 71, for example, which allows consumers to pay back the balance of a loan being serviced by a loan servicer by applying points obtained by making purchases from selected third-party merchants, is unique. It is neither disclosed nor rendered obvious by the '415 patent to Shurling et al. cited by the Examiner, whether considered alone or in combination with Article 12/1999 and/or the '135 patent to Ross, Jr. et al. None of these relied upon references suggests or teaches a three-party (or more) transaction for repayment of a loan using loyalty points earned from purchases at third-party merchants, and the Applicants could find nothing in any of these references suggesting their combination, let alone giving one an expectation of such a combination succeeding. Thus, the Applicants believe that, not only do the teaching of these

references fail to disclose or suggest each of the limitation in the Applicants' independent claims that are subject to this rejection for at least the reasons stated above, but the cited references also fail to include anything suggesting or supporting their combination as proffered by the Examiner, and the cited references also fail to include anything creating any expectation that the proffered combination would perform successfully.

Dependent claims 9-28, 36-46, 48-53, and 72-89 add further limitations that the Applicants also believe the cited references fail to disclose, at least in the context of the various claimed three-party (or more) transactions. For example, regarding dependent claim 9, the Examiner cites col. 8, line 59 and Fig. 4, item 110 of Shurling et al. in view of Article 12/1999 and Ross, Jr. et al. These cited portions of Shurling et al. relate to how information is moved between different databases in the Shurling et al. relationship scoring system and method. The Applicants respectfully submit, however, that this additional aspect of Shurling et al. cannot and does not render the limitation of claim 9 obvious in the context of independent claim 8 from which claim 9 depends. "It is impermissible . . . to engage in a hindsight reconstruction of the claimed invention, using the applicant's structure as a template in selecting elements from references to fill the gaps." <u>In re Gorman</u>, 933 F.2d 982, 987 (Fed. Cir 1991) (citing <u>Interconnect Planning Corp. v. Feil</u>, 774 F.2d 1132, 1143 (Fed. Cir. 1985)); <u>see also</u> <u>Interconnect</u>, 774 F.2d at 1138 ("The invention must be viewed not with the blueprint drawn by the inventor, but in the state of the art that existed at the time [the invention was made]"). Additionally, some of these dependent claims (e.g., claims 19, 20, 21, 27, 52, and 53) are directed toward four-party transactions, which is even a further departure from the cited references. The Applicants reserve the right to further argue the patentability of each of these dependent claims after the Examiner establishes prima facie obviousness of the corresponding independent claims.

For at least the reasons provided above, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of pending claims <u>8</u>-28, 36-46, <u>47</u>-53, <u>54</u>, and <u>71</u>-89 under § 103(a).

Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Shurling et al. in View of Article 12/1999 and Ross, Jr. et al., and Further in View of Article 4/1993

Claims 30 and 32-35 stand rejected under § 103(a) "as being unpatentable over (Ref^1) SHURLING et al in view of (Ref^2) Article 12/1999 and (Ref^3) ROSS, Jr. et al as applied to claims 8-28 above, and further in view of (Ref^4) ARTICLE 4/1993 (All Nippon … Frequent Flyers)." 30 Dec. 2004 Office action, at p. 9, § 5, ¶ 1 (emphasis in original). The Applicants respectfully traverse this rejection under § 103(a) for at least the following reasons.

The discussion of Shurling et al., Article 12/1999, and Ross, Jr. et al. presented above and throughout this response is applicable to the discussion of this additional rejection under § 103(a) and is fully incorporated by reference. Thus, since each of claims 30 and 32-35 depends directly or indirectly from independent claim 8, claims 30 and 32-35 are allowable as depending from an allowable independent claim for the reasons already presented. The Applicants make the following additional arguments concerning this § 103(a) rejection.

In addition to depending from what the Applicants believe is allowable independent claim 8 for at least the reasons provided elsewhere in these remarks, claim 30 adds a fourth party to the transaction (see the schematic on the lower half of p. 2 of attached Exhibit 1). The first party (e.g., the loan servicer) facilitates accumulation of loyalty points by a first second-party user at a third-party merchant site. The first party then permits this first second-party user to transfer accumulated loyalty points to a fourth party (i.e., an additional second-party user). Article 4/1993 discusses a feature of the All Nippon Airways' frequent flyer program that permits a member of that program to transfer a free award ticket to another person. However, this reference, whether considered alone or in combination with the other cited references, does not disclose a method of facilitating repayment of a loan obligation based upon discretionary redemption of accumulated loyalty points. See above references to In re Gorman and Interconnect Planning Corp. v. Feil.

For at least the reasons presented above, the Applicants respectfully submit that the cited references, whether considered alone or in combination, fail to disclose or suggest the method of dependent claim 30, even assuming for sake of argument and without admission that the four references are properly combinable. Dependent claims 32-35 add further limitations that the Applicants also believe the cited references fail to disclose, at least in the context of a four-party

transaction. Thus, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of dependent claims 30 and 32-35 under § 103(a).

Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Shurling et al. in View of Article 12/1999 and Ross, Jr. et al., and Further in View of Wong et al. (US Patent 6,119,933)

Claims 55-62 stand rejected under § 103(a) "as being unpatentable over (Ref [1]) SHURLING et al in view of (Ref [2]) Article 12/1999 and (Ref [3]) ROSS, Jr. et al as applied to claim[] 54 above, and further in view of (Ref [5]) WONG et al (US Patent 6,119,933)." 30 Dec. 2004 Office action, at p. 10, § 6, ¶ 1 (emphasis in original). The Applicants respectfully traverse this rejection under § 103(a) for at least the following reasons.

The discussion of Shurling et al., Article 12/1999, and Ross, Jr. et al. presented above and throughout this response is applicable to the discussion of this additional rejection under § 103(a) and is fully incorporated by reference. Thus, since each of claims 55-62 depends directly or indirectly from independent claim 54, claims 55-62 are allowable as depending from an allowable independent claim for the reasons already presented. The Applicants make the following additional arguments concerning this § 103(a) rejection.

In addition to depending from what the Applicants believe is allowable independent claim 54 for at least the reasons provided elsewhere in these remarks, claim 55 adds further limitations concerning the step of displaying information about accumulated loyalty points to the second-party users. As discussed further below, Wong et al., whether considered alone or in combination with the other cited references, fails to disclose or suggest this further aspect of the Applicants' claimed invention.

The Wong et al. patent discloses a method and apparatus for customer loyalty and marketing analysis. The Examiner cites Wong et al. as disclosing the display of "information about the accumulated loyalty points to the user by categorizing the points with several status such as 'new', 'pending', 'earned', etc, and displaying the points for each status (see, col. 5, lines 45-60)." 30 Dec. 2004 Office action, p. 10, § 6, ¶ 2. The cited portion of Wong et al., however, fails to make the suggested disclosure. Rather, the cited portion of Wong et al. discloses what comprises an "award transaction" and what occurs when an award transaction is submitted by a member. An award transaction includes information about its status, whether "new, pending, fulfilled or shipped." See, e.g., '933 patent, col. 5, lines 50-51. As is stated in

the '933 patent, when "the award transaction is submitted, it is retained in a pending request queue for a short period of time before completing its processing. This is to easily permit cancellation by the user." '933 patent, col. 5, lines 51-54. This discussion in the '933 patent assumes that the member is entitled to seek an award, but has nothing to do with how loyalty points may be categorized prior to being used. The method and apparatus disclosed in Wong et al. is primarily directed toward analyzing customer loyalty and marketing rather than a customer loyalty program per se. Rather, the method and system provide feedback about customers to proprietors so that they may enhance their marketing to their loyal customers. '933 patent, col. 1, lines 56-60. In one aspect of the method and apparatus disclosed in the '933 patent, the system keeps track of customer frequency award points in order to encourage customers to participate in the system. The Wong et al. '933 patent includes only a cursory discussion of award points, fails to include any discussion of the use of such award points for repayment of any type of loan, and fails to include any discussion that would suggest its combination with Shurling et al., Article 12/1999, and/or Ross, Jr. et al.

First, for at least the reasons presented above, the Applicants respectfully submit that dependent claims 55-62 are patentable as depending directly or indirectly from allowable independent claim 54. Second, the Applicants also respectfully submit that these eight claims are allowable since each one adds further limitations that the Applicants believe the cited references fail to disclose or suggest in the context of the claimed invention. For example, the cited references, whether considered alone or in combination, fail to disclose or suggest the method of dependent claim 55, even assuming for sake of argument and without admission that the four references are properly combinable. Dependent claims 56-62 add further limitations that the Applicants also believe the cited references fail to disclose in the context of the claimed invention.

For at least the reasons provided above, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of pending dependent claims 55-62 under § 103(a).

Claim Rejections Under 35 U.S.C. § 103(a) Based Upon Shurling et al. in View of Article 12/1999 and Ross, Jr. et al./Wong et al. and Further in View of Article 4/1993

Claims 63, 64, and 65-70 stand rejected under § 103(a) "as being unpatentable over (Ref [1]) SHURLING et al in view of (Ref [2]) Article 12/1999 and (Ref [3]) ROSS, Jr. et al/(Ref [5]) WONG et al as applied to claims 55-62 above, and further in view of (Ref [4]) ARTICLE 4/1993." 30 Dec. 2004 Office action, at p. 11, § 7, ¶ 1. The Applicants respectfully traverse the rejection of these claims under § 103(a) since the cited references fail to disclose or render obvious the claimed invention for at least the reasons already provided above as well as the additional reasons provided below.

The discussion of Shurling et al., Article 12/1999, Ross, Jr. et al., Wong et al., and Article 4/1993 presented above and throughout this response is applicable to the discussion of this additional rejection under § 103(a) and is fully incorporated by reference. Thus, for example, since each of claims 63 and 64 depends directly or indirectly from independent claim 54, claims 63 and 64 are allowable as depending from an allowable independent claim for the reasons already presented. In addition to depending from what the Applicants believe is allowable independent claim 54 for at least the reasons provided elsewhere in these remarks, claim 63 also adds to the claimed method the ability to transfer loyalty points. In particular, the first recognized second-party user may selectively redeem accumulated loyalty points by transferring them to the second recognized second-party user. For at least the reasons discussed above in relation to the rejection of similar dependent claim 30, the cited references, whether considered alone or in combination, fail to disclose or suggest the method of claim 63.

The Applicants make the following additional arguments concerning this § 103(a) rejection of independent claim 65 and its dependent claims 66-70. Independent claim 65 is another four-party transaction (see, e.g., the bottom schematic representation on p. 2 of attached Exhibit 1), which all of the claimed references fail to disclose for at least the reasons provided above. The Applicants respectfully submit that dependent claims 66-70 are patentable as depending directly from allowable independent claim 65. The Applicants also respectfully submit that these five dependent claims are allowable since each one adds further limitations that the Applicants believe the cited references fail to disclose or suggest in the context of the claimed invention. In particular, as specifically discussed above, the cited references, whether

considered alone or in combination, fail to disclose or suggest the limitations of the dependent claims, and the references are not properly combinable.

For at least the reasons provided above, the Applicants respectfully request that the Examiner reconsider and withdraw this rejection of pending claims 63, 64, and 65-70 under § 103(a).

Conclusion

Following entry of the above amendments, claims 8-28, 30, and 32-91 are pending in the application. The Applicants believe that these claims are in condition for allowance and respectfully request that a Notice of Allowance be issued in this case.

If the Examiner has any questions, he is encouraged to contact the undersigned attorney directly at the number or email address provided below. If the Office determines that any additional fees are due that are not enclosed herewith, the Office is authorized to charge customer deposit account number 502885.

Respectfully submitted this 12th day of May, 2005.

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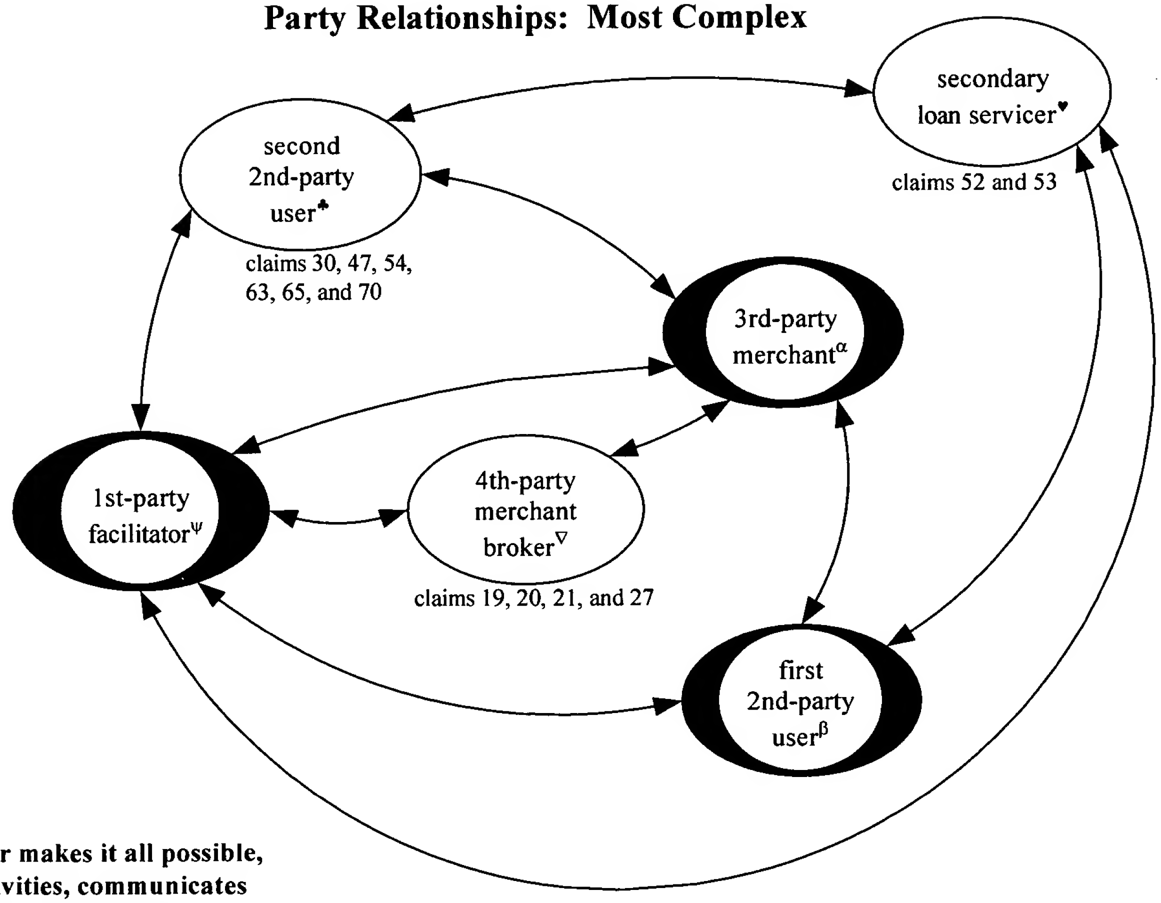
Appl. No. 09/677,401
Amdt. 12 May 2005
Reply to Office action of 30 Dec. 2004

EXHIBIT 1

Party Relationships: Most Complex



ψ The 1st-party facilitator makes it all possible, coordinates/directs activities, communicates with all parties on some level (<u>all</u> claims) (may be a "primary loan servicer" - see, claims 23, 28, and 48)

α The 3rd-party merchant offers goods/services for sale and agrees to "rebate" a portion of the purchase price to help one of the 2nd-party users pay back a loan (<u>all</u> claims)

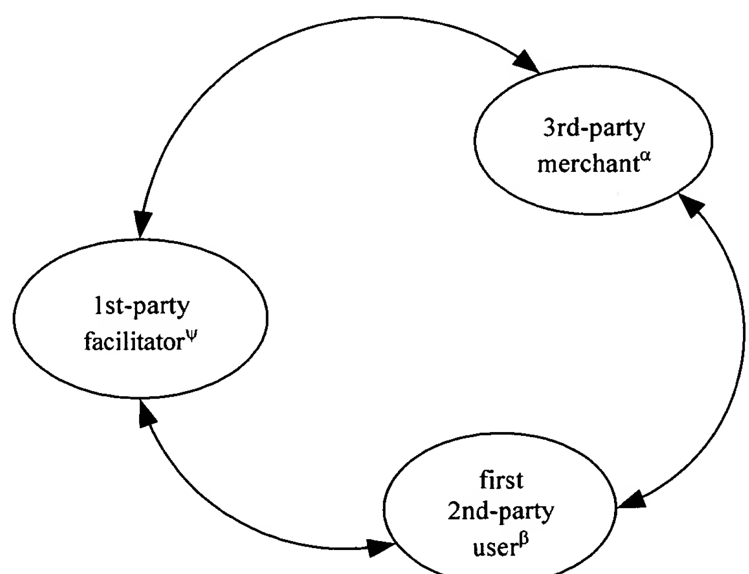
β The first 2nd-party user makes purchases to earn loyalty points, redeems loyalty points by repaying a loan of its own or by transferring points to a second 2nd-party user (<u>all</u> claims)

♣ The second 2nd-party user makes purchases to earn loyalty points, redeems loyalty points by repaying a loan of its own or by transferring points to a first 2nd-party user (<u>expressly</u> mentioned in claims 30, 47, 54, 63, 65, and 70)

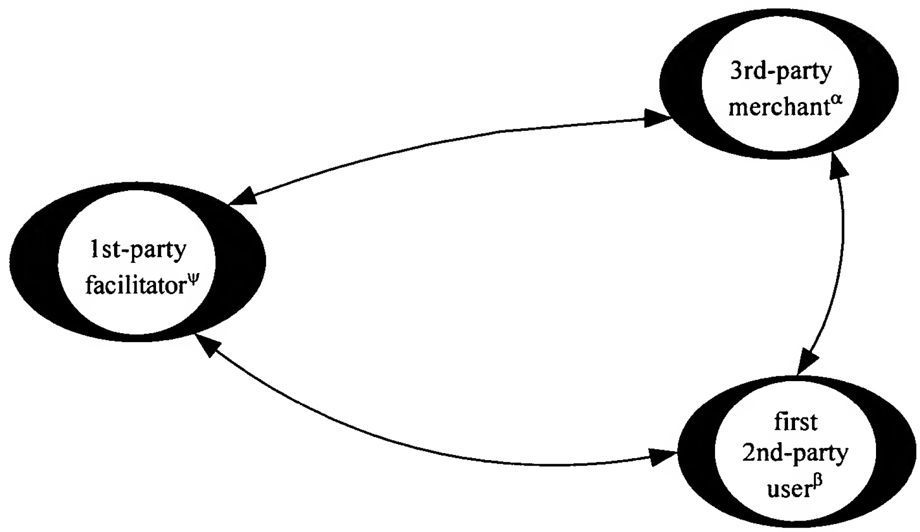
♥ The secondary loan servicer "oversees" the repayment of a loan of one of the 2nd-party users and may or may not be the 1st-party facilitator (<u>expressly</u> mentioned in claims 30 and 52)

∇ The 4th-party merchant broker is an additional party who helps the 1st-party facilitator work with the 3rd-party merchants (<u>expressly</u> mentioned in claims 19, 20, 21, and 27)

Party Relationships: Least Complex



Party Relationships: Independent Claims 8 and 71



Party Relationships: Independent Claim 47, 54, and 65